

# Glossary of Key Terms

**Acceptance Testing** – The process of testing all components and system functionality to determine if the system is ready for implementation. Acceptance testing includes: functional requirements testing, error condition destructive and stress testing as well as regression testing to ensure testing deficiencies are resolved without creating new deficiencies.

**Access Card** – Generic term which refers to the physical card used to access a commercial or EBT card system. In the online EBT demonstrations, recipients use magnetic stripe cards at POS terminals or ATMs to access the system. In the offline EBT demonstration, recipients will use integrated circuit (IC) cards (also called “smart cards”) to access the system.

**Account** – A food stamp or cash EBT account

**Account Management Agent (AMA)** – The AMA system is operated by the Federal Reserve Board of Richmond, VA under an agreement with the Food and Nutrition Service to serve as FNS’ fiscal agent over food stamp funds held in Treasury’s ASAP system. The EBT Contractor enters county benefit authorization data into AMA and AMA enters information into ASAP.

**Acquirer** – Entity that acquires financial data relating to a transaction from an EBT card. This can be the retailer or ATM owner where the recipient uses their EBT card to access goods and/or services, or the participating network or third party processor.

**Adjustment** – A debit or credit transaction initiated by an acquirer, or on behalf of an acquirer, to correct a system error or to correct an out-of-balance condition identified in the settlement process.

**Advice** – Message that notifies a party of an action that has already been taken and that, as a result, requires no approval.

**American National Standards Institute (ANSI)** – U.S. standards group responsible for issuing U.S. standards and maintaining consistency with similar international standards.

**Authorization** – Affirmative response by the EBT system to a request to permit a card account to be used in a transaction. No posting to an account occurs for an authorization.

**Authorized Representative (AR)** – The person designated by a food stamp household to receive an EBT card and purchase food items on behalf of the recipient.

**Automated Clearing House (ACH)** – The U.S. Treasury Federal Reserve process where financial transactions are electronically processed for settlement.

**Automated Response Unit (ARU)** – Automated phone system that accepts data from touch-tone telephones and responds with synthesized voice commands and information. Used in an EBT system to provide numerous functions such as balance information or to authorize manual transactions.

**Automated Standard Application for Payments (ASAP)** – The EBT Contractor initiates daily payment requests into the federal ASAP system to cover food stamp settlement. The ASAP system will release Food Stamp benefit funding to the Contractor's bank account as reimbursement for daily payments made to retailers and ATM owners.

**Automated Teller Machine (ATM)** – Terminal from which one or more EBT and/or banking transactions can be performed, including balance inquiries and cash withdrawals.

**ATM Networks** – Specialized bank-owned networks that allow the sharing of individual ATMs by the holders of cards issued by many different banks. EBT cards may be used at participating ATMs to access cash benefits.

**Available Balance** – The amount of funds that may be accessed by a cardholder for a transaction from a cash or food stamp account.

**Balance Inquiry** – A non-financial transaction that permits the cardholder to obtain the current balance of his or her EBT account or accounts.

**Bank Identification Number (BIN)** – Set of numbers, which appears in the primary account number and identifies one or more issuers for purposes of interchange.

**Cardholder** – An individual who has been issued and authorized to use a card. This is the recipient or their designee(s).

**Case** - A single beneficiary unit receiving benefits from one or more programs through a single recipient account.

**Clearing Account** – Account maintained by the Concentrator Bank for settlement purposes.

**Concentrator Bank** – The financial entity that provides specific financial services to the EBT Contractor in support of daily settlement. The Concentrator Bank provides Automated Clearing House (ACH) services to accept funds for food stamp transactions from the Federal Reserve and/or funds for cash transactions from the county's financial institution for settlement with individual retailer's/ATM owners accounts on a daily basis.

**Data Encryption Standard (DES)** – Standard for encrypting data to allow secure transmission of information between points.

**Day of Draw Transaction** – Benefit funding is not available from funding sources until the EBT Contractor initiates a draw request to pay retailers or ATM owners. The EBT Contractor does not initiate a draw until the day a cardholder completes a transaction and payment is due to a retailer or ATM owner.

**Debit Transaction** – Approval by the cardholder of the debit to his or her account. At the same time, it provides a claim of funds made by the acquirer (retailer or ATM owner) against the card issuer (the EBT Contractor).

**Detailed System Design** – A document that serves as the “blueprint” for programming, functional demonstration and acceptance testing of the system and its components. It includes a detailed description of all system components, their interfaces, and the full range of functional specifications including: key entries, prompts, screen displays, edits, processing codes, error messages and report outputs.

**Electronic Benefit Transfer (EBT)** – System that uses electronic funds transfer technology, automated teller machines, and point-of-sale devices for the delivery and control of public assistance benefits.

**EBT Call Center** – Toll free help line provided by the EBT Contractor that allows clients to seek assistance and check account balances. Also, retailers may call a separate toll free line for assistance and in the event of a system failure receive voice approvals for food purchase transactions.

**EBT Card** – The plastic card used by recipients to access their account(s) in the EBT system. Recipients use this magnetic stripe card at POS terminals or ATMs in conjunction with a PIN to access their account(s) on the EBT system. Recipients who have both food stamp and cash benefits on the EBT system, will utilize the same card to access each benefit although separate transactions are required to access the account.

**EBT Council** – An emancipated group within the National Automated Clearing House Association (NACHA) consisting of EBT service providers, financial institutions, payment networks, merchants, government entities and other stakeholders that have an interest in EBT. The purpose of the Council is to develop, maintain and update EBT operating rules.

**EBT Host** – The EBT host computer is the central account management component of the EBT system. It is the computer system that is used for processing recipient transactions, maintaining transaction histories, performing account reconciliation and conducting settlement, and is the source for all EBT reporting.

**Electronic Funds Transfer (EFT)** – Any transfer of funds which is initiated through an electronic terminal, telephonic instrument, or computer or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account.

**Electronic Funds Transfer System** – System designed to facilitate the exchange of monetary value via electronic means. Objectives include expansion of time and location availability of basic financial services, and reduction of the present growth or paper volume (i.e., cash and checks).

**Eligibility System Interface** – The mechanism by which data is shared between the county eligibility systems and the EBT system.

**Encryption** – Security measure to prevent the cardholder's PIN to be shown in clear text as it travels on public communication lines.

**Federal Reserve Bank** – The central banking systems that regulate the supply of money. It includes twelve regional “bankers’ banks”, their branches, and all national and state banks that choose to be members.

**Fine Line Printing** – Microscopic print bordering the Quest® mark on the EBT card. The card manufacturer's alphanumeric identification is included as part of the fine line.

**Firewall** – A piece of computer software intended to prevent unauthorized access to system software or data.

**Floor Limit** – A predefined dollar limit that a retailer may authorize for a Food Stamp purchase in the event the EBT system, retailer's system or data communications are temporarily unavailable. Manual voucher procedures are used to document transactions.

**FNS Authorized Retailer** – Food retailer authorized by FNS to accept food stamp coupons or EBT benefit cards. Retailers that are authorized should display a Food Stamp Program Authorization Permit in a conspicuous place in their store.

**FNS Authorization Number** – Number given to each FNS authorized location. This number is used to identify the specific retailer and location where an EBT transaction is executed.

**Food and Nutrition Service (FNS)** – A division of the US Department of Agriculture that administers nutrition assistance programs. The mission of FNS is to provide children and needy families better access to food and a more healthful diet through its food assistance programs and comprehensive nutrition education efforts.

**Food Stamp Benefit Conversion** – The conversion of electronic FSP benefit to food stamp coupons. Clients who leave an EBT project area may request to have their remaining EBT food stamp account balance converted to food coupons if moving to a non-EBT area.

**Food Stamp Program** – A food assistance program governed by FNS that helps low-income people buy the food they need for good health. The program is operated under the authority of the Food Stamp Act of 1964, as amended.

**Functional Demonstration** – The process of demonstrating user interface with system components and the full range of system functionality.

**Functional Requirements** – Major elements of benefits issuance and redemption that must be provided by the EBT system. These include: (1) authorization of receipt benefits, (2) benefit delivery to recipients, (3) retailer and bank account settlement, (4) management of retailer participation, and (5) reconciliation and reporting.

**Gateway** – A gateway is a central hub that affords numerous ATM and POS networks and chain retailers a linkage with each other. The gateway establishes connectivity between these networks and the EBT host computer.

**General System Design** – A combination of narrative and diagrams describing specific system architecture; overall logic flows and system functions. This includes a description of equipment needed; a description of other resource requirements necessary to operate the system; performance requirements; and, a description of the environment in which the system will operate, including how the system will operate within the environment.

**Hot Back-up Site** – Fully redundant back-up system located in a separate geographic location from the primary system to ensure that it is not subject to the same man-made or natural disaster. In the event that a disaster of any kinds occurs at the EBT host site, cutover to the back-up system will occur and will be transparent to retailers and recipients. Synchronized client account databases will be maintained at both sites so that in the event of a failure cutover to the back-up site can be affected in a matter of minutes.

**Industry Standards** - Electronic Funds Transfer (EFT) operating rules which include American National Standards Institute (ANSI) and International Standards Organization (ISO).

**In-lane payments** – Payments made in the store lane by the customer. These payments are generally made in the form of cash, checks, food stamp coupons, WIC coupons or electronic means such as debit cards, credit cards or EBT.

**Interchange** – The exchange of authorization requests, transactions records, funds, or information between an acquirer and the EBT system through a network or other facility.

**International Standards Institute (ISO)** – Group responsible for coordinating international standards, including financial processing standards.

**Interoperability** – Enables cardholders to be able to use their EBT cards in other EBT project areas (e.g., San Bernardino or San Diego counties) or states.

**Issuer** – Entity that maintains the account relationship with the cardholder. A card issuer is the approver of a transaction – in the case of EBT the issuer is the EBT Contractor.

**Issuer Identification Number (IIN)** – A number assigned by the American Bankers Association that identifies an issuer for purposes of interchange of transactions.

**Legacy System** – Eligibility systems used in counties other than a SAWS system.

**Maintenance and Operations Phase** – The phase of an EBT system life cycle in which all counties have implemented the EBT system and all cases have been converted to the EBT system.

**Magnetic Stripe** – A stripe of magnetic tape that is affixed on the reverse side of the benefit card that meets all applicable industry standards. The magnetic stripe is encoded according to ISO standards and includes the PAN.

**Manual Food Stamp Transaction** – An off-line food stamp transaction usually accomplished through a paper (manual) voucher process.

**Message** – Set of data elements used to exchange information among institutions. No communications (header/trailer, protocol, or character code) or security specifications are assumed or identified.

**NACHA** – The National Automated Clearing House Association.

**Net Position** – Value representing the amount due to or from a financial institution for transactions exchanged and processed during the day.

**NSF** – (Nonsufficient Funds) Condition that indicates insufficient funds in the cardholder's account to allow the EBT system to approve a transaction.

**Offline** – An EBT system or transaction in which individual purchases are authorized without telecommunication between the POS device or ATM and a central database. These transactions are typically seen in systems that utilize a “smart” card where the account data resides on a computer chip that is embedded in the card.

**Off-ramp** – Ability for the state to legally terminate the EBT contract at key points in the development and implementation of the project if the Contractor fails to meet defined contractual requirements.

**Online** – An EBT system or transaction in which authorization of individual purchases requires telecommunication between the POS device or ATM and a central database in which data on account balances is maintained. These transactions are typically seen in systems that utilize a magnetic stripe card.

**Personal Identification Number (PIN)** – An alphanumeric code selected by or assigned to the recipient and used to control access to individual accounts. The PIN must be entered on a keypad before any transaction can be processed.

**PIN Offset** – An encrypted version of the PIN. Usually encoded on the magnetic stripe of the access card. Allows PIN verification to be conducted at the point of entry provided appropriate information is available.

**Point of Sale (POS)** – Typically used to reference equipment (e.g., terminal, PIN pad and printer) deployed at a retail location and used to initiate the electronic debit of recipient accounts and credit to retailer accounts as a purchase is being made. This includes EBT transactions as well as other debit or credit transactions.

**Presentment** - Approval by issuer of authorization requests and settlement of that transaction.

**Primary Account Number (PAN)** – Number that identifies the issuer and the cardholder and that is fully displayed and encoded on the card.

**Primary Program Designator** – A designator assigned to cash programs that allows cash benefits to be drawn from an EBT account according to a predefined order if a recipient receives benefits from multiple cash programs. This predefined order represents the program hierarchy in which funds will be disbursed and drawn for settlement purposes.

**Prime Contractor** – The entity with which the State contracts for design, development, implementation, maintenance and operation of an EBT System. In the case of the California statewide EBT system, the Prime Contractor is Citicorp Services, Inc. (CSI).

**Processing Time** – The amount of time required to complete an EBT purchase. In an on-line system, processing time includes several components: (1) time required to transmit messages over the telecommunications network; (2) time that messages spend in the system processing queue; and (3) time to actually process the message in the central computer.

**Protective Payee** - A person acting on behalf of a recipient to whom the CalWORKs payment is made in its entirety.

**Quest Operating Rules** – A set of requirements developed by the EBT Council for the distribution of government benefits.

**Receipt** – In commercial networks, hard copy description of a transaction that took place at the POS, containing at a minimum the date, merchant name and location, primary account number, type of account accessed, amount, reference number, and an action code. In EBT systems, the receipt must also include the balance remaining in the account after the current transaction has been processed.

**Reconciliation** – Refers to the process of ensuring that all system transactions have been processed accurately and validated.

**Re-presentation** – The presentation during subsequent months for authorization of a manual food stamp transaction or store and forward transaction following the denial of such a transaction by the EBT system due to insufficient funds in household accounts. Re-presentation will not be allowed by the State, and shall not be part of the California EBT system.

**Retrieval Request** – Request by issuer or acquirer to provide proof that transaction has occurred.

**Settlement** – Process by which the EBT Contractor ensures reimbursement for recipient originated transactions that occurred at retailers and/or ATM networks for the prior processing period. The EBT Contractor reimburses retailers and/or ATM networks for the good and services they have provided to the recipients, and is then reimbursed by the responsible funding entity (the county for cash benefits, USDA for Food Stamp benefits).

**Smart Card** - Benefit card embedded with a computer chip that contains recipient demographic and account information. Transactions are authorized between the ATM or POS device and the chip in the card in an “off-line” transaction rather than an “on-line” transaction where a database that stores account and demographic information is accessed.

**Store and Forward** – Function that occurs when the retailer POS terminal is unable to communicate with Contractor’s host system. The transaction is stored at the retailer terminal until the EBT host system is available. The transaction is then forwarded and processed.

**Surcharge** – A fee added to a transaction by an acquirer, terminal operator or merchant for a transaction initiated at a terminal.

**System Certification** – The point at which a system receives approval to move from the development to implementation phase.

**Switch** - A central transaction-processing component that accepts incoming financial transactions for California EBT along with EBT projects of many other states and for commercial payment systems as well. Based on the card number on the incoming transaction it routes transactions to the appropriate host system for approval and sends the response message back to the appropriate transaction acquirer. It is the central point for retailer and ATM owner financial settlement.



**System Design Phase** – The phase of an EBT system life cycle in which functional specification and program requirements are identified and defined and compiled into a general system design.

**System Development Phase** – The phase of an EBT system life cycle in which the system programming, functional demonstration and acceptance testing occur.

**System Implementation Phase** – The phase of an EBT system life cycle in which the system has been developed and tested and is ready for deployment. This phase includes conversion of recipient demographic and benefit data to the system, issuance of EBT cards and PINs to recipients and the issuance of cash and/or food stamp benefits via the system.

**System Operations Phase** – The point in an EBT system life cycle at which the system is fully operational (has achieved “roll-out” status) in terms of system components and project service population.

**Third Party Processor** – An entity, other than the one that the State has specifically contracted with, that earns a fee for providing transaction-processing services for acquirers (retailers and ATM owners). Every online EBT transaction must be routed from its origin at a POS or ATM to the EBT Host computer that holds the account. Third Party Processors are “middle men” that provide this routing service within the existing commercial network.

**Throughput** – The amount of data transferred from one place to another or processed in a specified amount of time. Data transfer rates for disk drives and networks are measured in terms of throughput. Typically, throughputs are measured in kilobits, megabits or gigabits per second.

**Trafficking** – Food stamp trafficking is a violation of program regulations and normally involves two parties—a recipient and a storeowner. Trafficking generally takes place when a recipient collaborates with a storeowner and exchanges coupons or electronic benefits for cash. The storeowner gives the recipient a discounted cash payment for food stamp benefits and then redeems the benefits at full face value from the government.

**Transaction Audit Trail** – Detailed record of a transaction from initiation to settlement.

**Transaction Processing Platform** – The components of the EBT system provided by the EBT Contractor including all processing components that are required for the successful end-to-end acquiring, switching, processing and settlement of EBT transactions.